

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Charter Township of Flint	County Genesee
Audit Date 12/31/04	Opinion Date 4/28/05	Date Accountant Report Submitted to State:	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

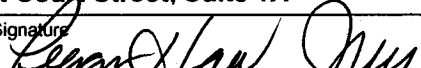
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|--|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) BKR Dupuis & Ryden			
Street Address 111 East Court Street, Suite 1A		City Flint	State MI
Accountant Signature 		ZIP 48502	Date 6/23/05

Annual Financial Report

**Charter Township of Flint
Genesee County, Michigan**

December 31, 2004

with Independent Auditors' Report

**Charter Township of Flint, Michigan
Annual Financial Report
For the Fiscal Year Ended December 31, 2004**

Table of Contents

	<u>Page</u>
Introductory Section:	
List of Elected and Appointed Officials	1
Financial Section:	
Report of Independent Auditors	2-3
Management's Discussion and Analysis	4-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10-13
Statement of Activities	14-15
Fund Financial Statements:	
Balance Sheet Governmental Funds	16
Reconciliation of the Fund Balance as Reported in the Governmental Balance Sheet to the Statement of Net Assets	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Net Assets – Proprietary Fund	20-21
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund.....	22
Statement of Cash Flows – Proprietary Fund.....	23
Statement of Net Assets – Fiduciary Funds	24
Statement of Changes in Plan Net Assets Firefighters' Pension Trust Fund	25

**Charter Township of Flint, Michigan
Annual Financial Report
For the Fiscal Year Ended December 31, 2004**

Table of Contents – (continued)

	<u>Page</u>
Basic Financial Statements: - (continued)	
Notes to the Basic Financial Statements	26-50
Required Supplementary Information Section:	
Analysis of PERS Funding Progress and Schedule of PERS Employers Contributions	51-52
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) General and Building Authority Funds	53-61
Combining Fund Statements and Fund Descriptions:	
Fund Descriptions	62-63
Combining Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	64-65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	66-67
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Funds	68-69
Combining Balance Sheet – Agency Funds	70
Combining Statement of Changes in Assets and Liabilities – Agency Funds	71

Introductory Section

**Annual Financial Report
Charter Township of Flint
List of Elected Officials
December 31, 2004**

Supervisor	Linda R. Barber
Clerk	Kim A. Courts
Treasurer	Sandra S. Wright
Trustees	Douglas C. Carlton John R. MacGillivray Belenda L. Parker Tracey Tucker

**Charter Township of Flint
Building Authority Board**

Chairman	Galen Jamison
Secretary	William J. Churchill
Treasurer	John Ervin
Trustees	Fadwa Alghanem Thomas Svtkovich

**Charter Township of Flint
Fire Retirement Board**

Chairman	Robert Lloyd
Vice Chairman	John Ringwelski
Treasurer	Sandra Wright
Trustees	Douglas C. Carlton Bethany Takacs

Financial Section

Independent Auditors' Report

Honorable Members
of the Township Board of the
Charter Township of Flint
Genesee County, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Flint, Michigan (Township) as of December 31, 2004, and for the year then ended, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Charter Township of Flint, Michigan at December 31, 2004, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, budgetary comparison information, and pension plan analysis of funding progress on pages 4 through 9, and 51 through 61 are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of Flint's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BKR Durpin & Ryden

Certified Public Accountants
Flint Office

April 28, 2005

Management's Discussion and Analysis

Charter Township of Flint Management's Discussion and Analysis

This section of the Charter Township of Flint annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year that ended on December 31, 2004. Please read it in conjunction with the Township's financial statements, which follow this section.

Financial Highlights

- The Township's assets exceeded its liabilities at the close of the most recent calendar year by approximately \$23 million. This is a decrease in net assets of \$28 thousand from the previous year.
- During the year, the Township's governmental expenses were \$589,973 more than the \$10,587,847 generated in taxes, other revenues and other financing sources for governmental programs.
- General fund expenditures exceeded revenues by \$874,576 reducing the General Fund fund balance to \$1.2 million.

Overview of the Financial Statements

This annual report consists of four parts – management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township government, reporting the Township's operations in more detail than the government-wide statements.
 - * The governmental fund statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - * Proprietary fund statements offer short- and long-term financial information about the activities that the government operates like businesses, such as the water and sewer system.
 - * Fiduciary fund statements provide information about the financial relationships – like the retirement plan for the Township's employees – in which the Township acts as an agent that administers the fund for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds and internal service funds, each of which are added together and presented in single columns in the basic financial statements.

Table 1 summarizes the major features of the Township's financial statements, including the portion of the Township government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

**Table 1 Major Features of the Charter Township of Flint
Government-wide and Fund Financial Statements
Fund Statements**

Type of Statements	<u>Government-wide</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire Township government (except fiduciary funds) and the Township's component units	The activities of the Township that are not proprietary or fiduciary, such as police, fire, and public improvements.	Activities the Township operates similar to private businesses: the water and sewer system	Instances in which the Township is the trustee or agent for someone else's resources, such as the retirement plan for the Township fire department employees
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term, the Township's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets – the difference between the Township's assets and liabilities – is one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township you need to consider additional non-financial factors such as changes in the Township's property tax base and the condition of the Township's roads.

The government-wide financial statements of the Township are divided into three categories:

- Governmental activities – Most of the Township's basic services are included here, such as the police, fire, public works, and parks departments and general administration. Property taxes, state shared revenue, and state and federal grants finance most of these activities.
- Business-type activities – The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer system are included here.
- Component units – The Township includes two other entities in its report – the Economic Development Corporation and Central Business Development Authority. Although legally separate, these "component units" are important because the Township is financially accountable for them.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's most significant funds – not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Township Board establishes other funds to control and manage money for particular purposes (like the Building Authority Fund) or to show that it is properly using certain taxes and grants.

The Township has three kinds of funds:

- Governmental funds – Most of the Township's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between the two sets of statements.

- Proprietary funds – Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the Township's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- Fiduciary funds – The Township is the trustee, or fiduciary, for its employees' pension plans. It is also responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the Township's government-wide financial statements because the Township cannot use these assets to finance its operations.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-50 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 51 and 52 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 62-71 of this report.

Township Net Assets
(in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Current and other assets	\$12.7	\$14.4	\$6.0	\$6.0	\$18.7	\$20.4
Capital assets	8.6	8.2	7.8	8.7	16.4	16.9
Total assets	21.3	22.6	13.8	14.7	35.1	37.3
Long-term liabilities	7.1	7.2	1.8	3.3	8.9	10.5
Other liabilities	.7	1.3	2.6	2.6	.3	3.9
Total liabilities	7.8	8.5	4.4	5.9	12.2	14.4
Net assets:						
Invested in capital assets						
Net of related debt	6.9	6.5	4.6	3.8	11.5	10.3
Restricted	.2	.5	-	-	.2	.5
Unrestricted	6.4	7.1	4.8	5.0	11.2	12.1
Total net assets	<u>\$13.5</u>	<u>\$14.1</u>	<u>\$9.4</u>	<u>\$8.8</u>	<u>\$22.9</u>	<u>\$22.9</u>

The Township's assets exceeded its liabilities by \$22.9 million for both 2004 and 2003. A large portion of the Township's net assets are invested in Capital Assets (e.g. land, buildings, vehicles, furniture and equipment) less any related debt used to acquire those assets. The Township uses these capital assets to provide services to the citizens so they are not available for future spending.

Capital Assets

At the end of 2004, the Township had invested \$6,885,277 in governmental activity capital assets, net of related debt. It also had invested \$4,843,223 in capital assets, net of related debt to be used for business type activities. Capital assets as stated in this annual financial report do not include some prior year infrastructure items such as sidewalks and streets. Financial reporting in past years has not required some infrastructure items to be included with capital assets. Recognizing the problem of having townships gather together all of the required information, GASB has allowed townships to comply with this portion of Statement 34 over a number of years. Additional information on the Township's Capital Assets can be found in note IV. D. of this report.

Long-term Debt

At year-end the Township had \$7,434,586 in bonds and notes outstanding for governmental activities and \$3,264,061 in bonds and notes outstanding for business type activities.

Township's Changes in Net Assets (in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues:						
Program revenues:						
Charges for services	\$2.1	\$2.0	\$1.4	\$1.3	\$3.5	\$3.3
Operating grants and contributions	.5	.4	-	-	.5	.4
Capital grants and contributions	.3	-	-	-	.3	-
General revenues:						
Sales tax	2.6	2.7	-	-	2.6	2.7
Property taxes	5.0	4.7	1.0	1.9	6.0	6.6
Other	.1	.1	.1	.3	.2	.4
Total revenues	<u>10.6</u>	<u>9.9</u>	<u>2.5</u>	<u>3.5</u>	<u>13.1</u>	<u>13.4</u>
Expenses:						
General government	3.3	3.2	-	-	3.3	3.2
Public safety	7.4	6.8	-	-	7.4	6.8
Other	.5	.3	-	-	.5	.3
Sewer and water	-	-	1.9	1.9	1.9	1.9
Total expenses	<u>11.2</u>	<u>10.3</u>	<u>1.9</u>	<u>1.9</u>	<u>13.1</u>	<u>12.2</u>
Increase (decrease) in net assets before transfers	(.6)	(.4)	.6	1.6	-	.2
Transfers	-	.3	-	-	-	.3
Increase (decrease) in net assets	(.6)	(.1)	.6	1.6	-	.5
Net assets beginning of the year	<u>14.1</u>	<u>14.2</u>	<u>8.8</u>	<u>7.2</u>	<u>22.9</u>	<u>21.4</u>
Net Assets end of the year	<u>\$13.5</u>	<u>\$14.1</u>	<u>\$9.4</u>	<u>\$8.8</u>	<u>\$22.9</u>	<u>\$22.9</u>

Economic Factors and Next Year's Budgets

Economic Factors

- The unemployment rate for Genesee County is currently 8.9%, which is a decrease from a rate of 9.4% a year ago. This decrease is attributed to local conditions and is reflective of state and national trends.
- The government expects to see reduced funding from State agencies due to a reduction in tax collections as seen in a nation-wide trend of state and local revenues.
- Inflationary trends in the region compare favorably to national indices.

Budgets

The budget for 2004 was amended as required by State law. Both the original budget and amended budget have been shown in this document for 2004. The Township has again produced a timely and balanced budget for 2005.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township Clerk's Department, 1490 South Dye Road, Flint, Michigan 48532-4121.

Basic Financial Statements

Government-wide Financial Statements

Charter Township of Flint
Statement of Net Assets
December 31, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equivalents	\$ 341,198	\$ 2,478,765	\$ 2,819,963
Investments	838,278	280,070	1,118,348
Receivables:			
Taxes	4,524,147	895,350	5,419,497
Accounts	121,095	2,197,984	2,319,079
Accrued interest receivable	-	46	46
Special assessments	-	78,462	78,462
Due from component units	519	-	519
Due from other governments	6,764,038	-	6,764,038
Internal balances	(26,607)	26,607	-
Prepaid items	95,312	1,432	96,744
Capital assets (net of accumulated depreciation)	8,650,530	7,810,194	16,460,724
Total assets	21,308,510	13,768,910	35,077,420

See notes to financial statements.

Component Units	
Central Business Development Authority	Economic Development Corporation
\$ 2,099,477	\$ 5,001
-	-
86,716	-
-	-
21,311	-
-	-
-	-
-	-
-	-
-	-
2,207,504	5,001

Charter Township of Flint
Statement of Net Assets (continued)
December 31, 2004

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities and Net Assets			
Liabilities:			
Accounts payable	359,075	71,021	430,096
Accrued liabilities	-	-	-
Due to primary government	-	-	-
Due to other governments	-	1,044,472	1,044,472
Noncurrent liabilities:			
Due within one year	345,214	1,451,973	1,797,187
Due in more than one year	7,089,372	1,812,088	8,901,460
Total liabilities	7,793,661	4,379,554	12,173,215
Net assets:			
Invested in capital assets, net of related debt	6,885,277	4,546,133	11,431,410
Restricted for:			
Special revenue	124,933	-	124,933
Debt Service	4,486	-	4,486
Economic Development	-	-	-
Community Development	-	-	-
Police	53,962	-	53,962
Other purposes	37,534	-	37,534
Unrestricted	6,408,657	4,843,223	11,251,880
Total net assets	\$ 13,514,849	\$ 9,389,356	\$ 22,904,205

See notes to financial statements.

Component Units

Central Business Development Authority	Economic Development Corporation
2,147	250
9,171	-
519	-
-	-
-	-
-	-
11,837	250
-	-
-	-
-	-
-	4,751
2,195,667	-
-	-
-	-
-	-
\$ 2,195,667	\$ 4,751

**Charter Township of Flint
Statement of Activities
For the Year Ended December 31, 2004**

Functions\Programs	Program revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities:			
General government	\$ 3,258,783	\$ 1,375,305	\$ 10,493
Public safety	7,432,114	686,194	281,493
Recreation and cultural	80,069	-	218,168
Insurance	325,028	-	-
Interest on long-term debt	81,826	-	-
Total governmental activities	11,177,820	2,061,499	510,154
Business-type activities			
Sewer and water	1,881,045	1,413,448	-
Total business-type activities	1,881,045	1,413,448	-
Total primary government	\$ 13,058,865	\$ 3,474,947	\$ 510,154
Component units:			
Central Business Development Authority	\$ 517,838	\$ -	\$ -
Economic Development Authority	1,027	-	-
Total component units	\$ 518,865	\$ - 0 -	\$ - 0 -
General revenues:			
Property taxes			
Sales tax			
Unrestricted investment earnings			
Unrestricted earnings			
Gain (loss) on disposal of capital assets			
Transfers			
Total general revenues and transfers			
Change in net assets			
Net assets - beginning			
Net assets - ending			

See notes to financial statements.

Net (Expense) Revenue and Changes in Net Assets

Capital Grants and Contributions	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Central Business Development Authority	Economic Development Corporation
\$ 348,382	\$ (1,524,603)	\$ -	\$ (1,524,603)	\$ -	\$ -
-	(6,464,427)	-	(6,464,427)	-	-
-	138,099	-	138,099	-	-
-	(325,028)	-	(325,028)	-	-
-	(81,826)	-	(81,826)	-	-
348,382	(8,257,785)	-	(8,257,785)	-	-
-	-	(467,597)	(467,597)	-	-
-	-	(467,597)	(467,597)	-	-
<u>\$ 348,382</u>	<u>(8,257,785)</u>	<u>(467,597)</u>	<u>(8,725,382)</u>	-	-
-	-	-	-	(517,838)	-
-	-	-	-	-	(1,027)
-	-	-	-	(517,838)	(1,027)
-	4,958,545	1,006,242	5,964,787	-	-
-	2,612,811	-	2,612,811	-	-
-	82,513	22,874	105,387	-	-
-	-	-	-	33,822	-
-	13,943	-	13,943	-	-
-	-	-	-	-	-
-	7,667,812	1,029,116	8,696,928	33,822	-
-	(589,973)	561,519	(28,454)	(484,016)	(1,027)
-	14,104,822	8,827,837	22,932,659	2,679,683	5,778
<u>\$ 13,514,849</u>	<u>\$ 9,389,356</u>	<u>\$ 22,904,205</u>	<u>\$ 2,195,667</u>	<u>\$ 4,751</u>	

Fund Financial Statements

Charter Township of Flint
Balance Sheet
Governmental Funds
December 31, 2004

	General	Other Governmental Funds	Totals 2004	2003
Assets				
Cash and cash equivalents	\$ 218,524	\$ 122,674	\$ 341,198	\$ 1,453,193
Investments	838,278	-	838,278	1,037,772
Accounts receivable:				
Taxes	4,548,977	-	4,548,977	4,557,073
Other	95,609	-	95,609	86,943
Due from other funds	56,791	50,444	107,235	524,997
Due from component units	519	-	519	519
Due from other governments	926,069	1,517	927,586	973,719
Deferred bond expense - net	-	39,197	39,197	40,618
Prepaid items	56,115	-	56,115	43,546
Total assets	<u>\$ 6,740,882</u>	<u>\$ 213,832</u>	<u>\$ 6,954,714</u>	<u>\$ 8,718,380</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 108,402	\$ 82,896	\$ 191,298	\$ 749,252
Accrued liabilities	147,051	-	147,051	50,715
Due to other funds	106,839	1,517	108,356	501,108
Due to other governments	-	-	-	27,434
Escrow accounts and deposits	20,728	-	20,728	20,470
Deferred revenue	5,154,363	-	5,154,363	4,837,378
Total liabilities	<u>5,537,383</u>	<u>84,413</u>	<u>5,621,796</u>	<u>6,186,357</u>
Fund balances:				
Reserved for and prepaids	56,115	-	56,115	43,546
Reserved for underground storage tank	10,000	-	10,000	10,000
Reserved for cemetery perpetual care	24,128	-	24,128	24,071
Reserved for MTA grant expenditures	3,406	-	3,406	2,705
Reserved for police contributions	22,527	-	22,527	19,327
Reserved for police banquet and awards	5,256	-	5,256	5,256
Reserved for building departments	39,639	-	39,639	43,662
Reserved for state drug forfeiture	26,179	-	26,179	28,979
Unreserved:				
Designated for subsequent years' expenditures	506,900	-	506,900	627,383
Unreserved, undesignated, reported in:				
General fund	509,349	-	509,349	1,273,145
Special revenue funds	-	124,933	124,933	449,187
Debt service funds	-	4,486	4,486	4,762
Total fund balances	<u>1,203,499</u>	<u>129,419</u>	<u>1,332,918</u>	<u>2,532,023</u>
Total liabilities and fund balances	<u>\$ 6,740,882</u>	<u>\$ 213,832</u>	<u>\$ 6,954,714</u>	<u>\$ 8,718,380</u>

See notes to financial statements.

**Charter Township of Flint
Reconciliation of the Fund Balance as Reported in the
Governmental Balance Sheet to the Statement of Net Assets
For the Year Ended December 31, 2004**

Total Governmental Funds Fund balance as reported in the Balance Sheet Governmental Funds	\$ 1,332,918
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,650,530
Other long term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	10,965,987
Long term liabilities, including long term notes payable, are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(7,434,586)</u>
Net Assets - Governmental Activities	<u><u>\$ 13,514,849</u></u>

See notes to financial statements.

**Charter Township of Flint
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004**

	General Fund	Other Governmental Funds	Totals	
			2004	2003
Revenues:				
Taxes	\$ 4,643,688	\$ -	\$ 4,643,688	\$ 4,582,102
Licenses and permits	288,291	-	288,291	309,818
Intergovernmental revenues:				-
Federal	108,877	181,997	290,874	235,018
State	2,731,994	-	2,731,994	2,826,938
Charges for services	1,666,148	-	1,666,148	1,607,460
Fines and forfeits	69,227	-	69,227	78,718
Interest	79,762	2,750	82,512	50,305
Other revenue	126,021	122,043	248,064	307,001
Total revenues	9,714,008	306,790	10,020,798	9,997,360
Expenditures:				
Current:				
General government	3,534,406	9,918	3,544,324	3,489,475
Public safety	6,980,474	163,509	7,143,983	6,710,053
Recreation and cultural	68,931	18,488	87,419	59,293
Insurance	325,028	-	325,028	285,308
Amortization expense	-	1,421	1,421	1,421
Debt service:				
Principal retirement	-	30,000	30,000	30,000
Interest and fiscal charges	-	81,826	81,826	83,025
Capital outlay	-	337,464	337,464	3,142,124
Total expenditures	10,908,839	642,626	11,551,465	13,800,699
Excess (deficiency) of revenues over expenditures	(1,194,831)	(335,836)	(1,530,667)	(3,803,339)
Other financing sources (uses):				
Sub-lease income - state police post	319,561	-	319,561	319,561
Sale of property and equipment	12,000	-	12,000	8,644
Transfers in	-	54,055	54,055	482,305
Transfers out	(11,306)	(42,749)	(54,055)	(482,305)
Transfers from component units	-	-	-	300,000
Total other financing sources (uses)	320,255	11,306	331,561	628,205
Deficiency of revenues and other sources over expenditures and other uses	(874,576)	(324,530)	(1,199,106)	(3,175,134)
Fund balances - beginning of year	2,078,075	453,949	2,532,024	5,707,157
Fund balances - end of year	\$ 1,203,499	\$ 129,419	\$ 1,332,918	\$ 2,532,023

See notes to financial statements.

Charter Township of Flint
Reconciliaton of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended December 31, 2004

Amounts reported for governmental activities in the statement of activities (page 14)
are different because:

Net Change in fund balances - total governmental funds (page 18)	\$ (1,199,106)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	285,759
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	959
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items	<div style="border-top: 1px solid black; display: inline-block; width: 100%;">322,415</div>
	\$ (589,973)

See notes to financial statements.

**Charter Township of Flint
Statement of Net Assets
Proprietary Funds
December 31, 2004**

	Enterprise Fund	
	Sewer and	
	Water	
	2004	2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,478,765	\$ 2,511,101
Investments	280,070	480,070
Receivables:		
Taxes	895,350	888,208
Accounts	973,865	942,692
Unbilled	1,230,038	1,170,263
Special assessments - current portion	16,065	15,907
Tap-in contracts - current portion	6,698	10,893
Accrued interest	46	46
Due from other funds	56,395	-
Prepaid items	1,432	1,432
Total current assets	<u>5,938,724</u>	<u>6,020,612</u>
Capital assets - net of accumulated depreciation	<u>7,810,194</u>	<u>8,683,800</u>
Other assets:		
Special assessments receivable - long-term portion	41,683	61,767
Tap-in contracts receivable - long-term portion	14,016	19,738
Total other assets	<u>55,699</u>	<u>81,505</u>
Total assets	<u>\$ 13,804,617</u>	<u>\$ 14,785,917</u>

See notes to financial statements.

**Charter Township of Flint
Statement of Net Assets
Proprietary Funds
December 31, 2004**

	Enterprise Fund	
	Sewer and Water	
	2004	2003
Liabilities		
Current liabilities (payable from current assets):		
Accounts payable	\$ 63,058	\$ 45,663
Accrued liabilities	7,963	8,299
Due to other funds	29,788	23,747
Due to other governments	1,044,472	1,011,426
Deferred revenue	5,919	6,058
Note payable - current portion	1,451,973	1,598,826
Total current liabilities	2,603,173	2,694,019
Note payable - long term portion	1,812,088	3,264,061
Total liabilities	4,415,261	5,958,080
Net assets:		
Invested in capital assets, net of related debt	4,546,133	3,820,913
Unrestricted	4,843,223	5,006,924
Total net assets	9,389,356	8,827,837
Total liabilities and net assets	\$ 13,804,617	\$ 14,785,917

Charter Township of Flint
Statement of Revenues, Expenses, and
Changes in Fund Net Assets
Proprietary Fund
For the Year Ended December 31, 2004

	Enterprise Fund	
	Sewer and Water	
	2004	2003
Operating revenues:		
Charges for services	\$ 904,790	\$ 903,714
Fines and forfeits	162,497	152,864
Miscellaneous	216	121
Total operating revenues	1,067,503	1,056,699
Operating expenses:		
Personnel services	363,675	364,064
Professional services	21,299	8,095
Supplies	573	319
Repairs	238,497	188,930
Rent	117	-
Contractual	27,920	24,646
Insurance	56,295	48,685
New equipment	406	205
Depreciation	990,815	989,098
Miscellaneous	2,264	800
Total operating expenses	1,701,861	1,624,842
Operating loss	(634,358)	(568,143)
Non-operating revenues (expenses):		
Taxes	1,006,242	1,974,941
Tap-in fees	336,638	212,377
Interest revenue	32,181	37,248
Sale of capacity	-	270,003
Applied county surplus	-	2,681
Interest expense and fiscal charges	(179,184)	(242,987)
Total non-operating revenues	1,195,877	2,254,263
Net income	561,519	1,686,120
Net assets-beginning of year	8,827,837	7,141,717
Net assets-end of year	\$ 9,389,356	\$ 8,827,837

See notes to financial statements.

**Charter Township of Flint
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2004**

	Enterprise Fund	
	Sewer and Water	
	2004	2003
Cash flows from operating activities:		
Receipts from customers and users	\$ 920,159	\$ 1,005,484
Payments to vendors	(660,940)	(572,607)
Net cash provided by operating activities	259,219	432,877
Cash flows from investing activities:		
Purchases of investments	-	(201,289)
Sale of investments	200,000	-
Interest on investments	32,181	37,248
Net cash provided by (used in) investing activities	232,181	(164,041)
Cash flows from non-capital financing activities:		
Borrowings from other funds	6,041	4,503
Net cash provided by non-capital financing activities	6,041	4,503
Cash flows from capital and related and financing activities:		
Proceeds from property tax levy (restricted for debt service)	998,961	963,528
Collection of customer assessments	366,481	310,402
Repayment of long-term debt	(1,598,826)	(1,554,634)
Purchase of capital assets	(117,209)	(1,310)
Proceeds from sale of assets	-	270,003
Interest payments	(179,185)	(242,987)
Net cash used in capital and related financing activities	(529,778)	(254,998)
Net increase (decrease) in cash and cash equivalents	(32,337)	18,341
Cash and cash equivalents - beginning of year	2,511,102	2,492,760
Cash and cash equivalents - end of year	\$ 2,478,765	\$ 2,511,101
Cash flows from operating activities:		
Operating loss	\$ (634,358)	\$ (568,143)
Adjustments to reconcile operating loss to net cash provided by operations:		
Depreciation and amortization	990,815	989,098
Changes in operating assets and liabilities:		
Accounts receivable	(90,948)	(51,214)
Due from other funds	(56,395)	-
Prepaid expenses and other assets	-	(226)
Accounts payable	17,395	(2,221)
Accrued liabilities	(336)	(797)
Due to other governments	33,046	66,380
Net cash provided by operating activities	\$ 259,219	\$ 432,877

See notes to financial statements.

Charter Township of Flint
Statement of Net Assets
Fiduciary Funds
December 31, 2004

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ 52,622	\$ 769,901
Investments	3,100,456	-
Receivables:		
Current taxes	-	-
Delinquent taxes	-	205,172
Accrued interest	16,335	-
Due from other funds	-	1,028
	<hr/>	<hr/>
Total assets	3,169,413	976,101
	<hr/>	<hr/>
Liabilities:		
Accrued liabilities	-	199,654
Due to other funds	-	26,515
Due to other governments	-	207,643
Undistributed taxes	-	542,289
	<hr/>	<hr/>
Total liabilities	-	976,101
	<hr/>	<hr/>
Net assets:		
Held in trust for pension benefits	<u><u>\$ 3,169,413</u></u>	<u><u>\$ - 0 -</u></u>

**Charter Township of Flint
Statement of Changes in Plan Net Assets
Firefighters' Pension Trust Fund
For the Year Ended December 31, 2004**

Additions:	
Contributions	\$ 447,907
Net increase in fair value of plan assets	137,963
Investment interest	96,148
Loss on sale of securities	<u>(1,177)</u>
Total additions	<u>680,841</u>
Deductions:	
Benefit payments	433,180
Administrative fees	<u>13,939</u>
Total deductions	<u>447,119</u>
Net increase in assets held in trust for pension benefits	233,722
Net assets - beginning of the year	<u>2,935,691</u>
Net assets - end of the year	<u><u>\$ 3,169,413</u></u>

Notes to Basic Financial Statements

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

I. Summary of significant accounting policies

The accounting policies of the Charter Township of Flint (Township) conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of Flint.

A. Reporting entity

The Charter Township of Flint was incorporated July 17, 1978, under the provisions of Act 90, P.A. 1976, as amended (Charter Township). The Township provides the following services: public safety (police, fire, and building inspection), garbage, water, sanitary sewer, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although they can be legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the government.

Blended component units:

Charter Township of Flint Firefighters' Trust Fund:

- * Governing board is made up of Township employees and elected officials
- * Pension board approves investment policies
- * Pension board provides services exclusively to Charter Township employees (current and retired)

Charter Township of Flint Building Authority:

- * Governing board is made up of Township employees and Township residents
- * Board provides services exclusively to the Charter Township for the purpose of overseeing future construction projects

Discretely presented component units:

The component units' columns in the combined financial statements include the financial data of the Township's two other component units. These units are reported in a separate column to emphasize that they are legally separate from the Township.

Central Business Development Authority, Charter Township of Flint (CBDA):

- * Township appoints governing board
- * Township approves budget of Authority
- * Township must approve any tax levy of the Authority
- * Surplus funds existing at termination of the Authority revert back to the respective taxing authorities

Complete financial statements of the individual component unit can be obtained directly from their administrative offices located on:

2503 South Linden Road
Flint, Michigan

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

I. Summary of significant accounting policies – (continued)

A. Reporting entity – (continued)

Discretely presented component units: - (continued)

Charter Township of Flint Economic Development Corporation (EDC):

- * Township appoints governing board
- * Township approves budget of the EDC
- * Township created the EDC
- * Township provides employees and facilities for the EDC

All financial information of this component unit has been included in these financial statements. There are no separately issued financial statements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct* expenses are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

I. Summary of significant accounting policies – (continued)

C. Measurement focus, basis of accounting, and financial statement presentation – (continued)

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, income taxes, licenses, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary fund:

The Water and Sewer Fund is maintained for the operations of the water distribution system and sewage pumping and collection systems.

Additionally, the government reports the following fund types:

The Pension Trust fund accounts for the activities of the fire fighters' fund utilized to pay retirement for Township fire fighters retirees. The funds accumulate resources for pension benefits financed by both employer and employee contributions.

Agency Funds account for assets held by the Township as an agent for individuals, private organizations and other governments.

Pension Trust and Agency funds are reported as fiduciary funds and are not included in the government wide Statement of Net Assets and Statement of Activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

I. Summary of significant accounting policies – (continued)

C. Measurement focus, basis of accounting, and financial statement presentation – (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and interest income.

The Proprietary fund distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sewer enterprise fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net assets or equity

1. Deposits

The Township's cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments:

Investments for the Township, as well as for its component units, are stated at fair value. Certificates of deposit with a maturity date of greater than three months at time of purchase are recorded as investments on the financial statements.

3. Receivables and payables

In general, any outstanding balance between funds are reported as "due to/from other funds", activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade, notes, contracts, and property tax receivables are shown net of an allowance for uncollectibles.

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

I. Summary of significant accounting policies - (continued)

D. Assets, liabilities, and net assets or equity - (continued)

4. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In accordance with accounting principles generally accepted in the United States of America, recorded infrastructure assets include only those acquired beginning with the year ended December 31, 2003. Prior to the implementation of GASB No. 34, records on these assets were not maintained. The Township has five years to retroactively determine costs and accumulated depreciation for infrastructure assets acquired prior to January 1, 2003 and record those assets on the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Building improvements	7 - 20
Vehicles	2 - 15
Equipment and furniture	3 - 15
Computer equipment	5 - 10
System infrastructure	10

6. Accumulated unpaid sick pay

All Township employees are paid for unused sick days on an annual basis.

7. Long-term obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

- Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.
- The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

I. Summary of significant accounting policies - (continued)

D. Assets, liabilities, and net assets or equity - (continued)

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Property taxes

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on the following December 1, and are payable without penalty through February 28. However, the revenues generated by the tax levy cannot be appropriated until the budget year following the levy date. The asset created by the levy on December 1 is recorded in the appropriate fund as current taxes receivable. In addition, a deferred revenue offset account is recorded recognizing the funds as unavailable for current appropriation. Revenues generated by the levy of a 1% property tax administrative fee are recognized on a cash basis. Uncollected fees as of December 31, 2004, are recorded as a receivable with an offsetting deferred revenue account in the General Fund.

The Township is permitted by law to levy up to \$5.00 per \$1,000 (5 mills) of taxable value for general governmental services other than the payment of principal and interest on long-term debt. The tax rate to finance such general governmental services for the year ended December 31, 2004, was \$4.656 per \$1,000. The Township is permitted to levy unlimited amounts for payment of existing general long-term debt obligations. As of December 31, 2004, \$1.000 per \$1,000 of taxable valuation was being levied for long-term debt retirement.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance -total governmental funds* and *net assets -governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this difference are as follows:

Bonds and notes payable	\$7,085,077
Capital leases payable	39,219
Compensated absences	<u>310,290</u>
Net adjustment to reduce <i>fund balance -total governmental funds</i> to arrive at <i>net assets -governmental activities</i>	<u>\$7,434,586</u>

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

II. Reconciliation of government-wide and fund financial statements - (continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances -total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated use-full lives and reported as depreciation expense." The details of this difference are as follows:

Capital outlay	\$ 762,187
Depreciation expense	(474,127)
Net book value of assets sold	<u>(2,301)</u>
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u><u>\$ 285,759</u></u>

III. Stewardship, compliance, and accountability

A. Budgetary information

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the Township Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them, for the General and Special Revenue Funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to January 1, the budget is legally enacted on a departmental (activity) basis through passage of a resolution for all budgeted funds.
4. The Supervisor or designee is authorized to transfer budgeted amounts within departmental appropriation accounts, however, any revisions that alter the total expenditures of any department must be approved by the Township Board.
5. Formal budgetary integration is employed as a management control device during the year for all budgetary funds. Also, all budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
6. Budget appropriations lapse at year end except for certain grants which are appropriated on a grant or entitlement length basis. Individual funds that have expenditures budgeted in this manner are:

- Community Development Special Revenue Fund

As a result of its different budget perspective, this fund is excluded from the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual.

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

III. Stewardship, compliance, and accountability - (continued)

A. Budgetary information - (continued)

7. The original budget was amended during the year in compliance with the Township Charter and applicable state laws. The budget amounts reported in the financial statements represent the final budgeted expenditures as amended by the Township.

B. Budget and actual comparisons - grant/project length budgets:

The following is a comparison of budget (on a project (grant) length basis) and actual expenditures for the Community Development Fund for the year ended December 31, 2004.

	Revised Project (Grant) Length <u>Budget</u>	Project Funds Expended During <u>2004</u>	Total Project Funds Expended Through <u>12-31-04</u>	Unexpended Balance at <u>12-31-04</u>
Special Revenue Fund Type:				
Community Development Fund:				
Public safety	\$219,751	\$148,129	\$219,021	\$ 730
Recreation and cultural	49,355	33,868	49,355	-
Total Community Development	<u>\$269,106</u>	<u>\$181,997</u>	<u>\$268,376</u>	<u>\$ 730</u>

An allocation of \$41,552 was loaned from Flushing Township during 2003. The loan will be repaid from Flint Township's 2005 allocation.

IV. Detailed notes on all funds

A. Deposits and investments

The Township's cash and cash equivalents consist of checking accounts, money market funds and certificates of deposit. At year end, the carrying amount of the Township's deposits was \$687,308 excluding petty cash of \$1,800 and the bank balance was \$1,754,351. Of the bank balance, \$201,498 was covered by federal depository insurance; therefore, 11% was insured. The rest of the bank balance, or \$1,554,351, was not insured or collateralized.

At year end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental <u>Activities</u>	Business Type <u>Activities</u>	Fiduciary <u>Funds</u>	Total Primary <u>Government</u>	Component <u>Units</u>
Cash and cash equivalents	\$ 341,198	\$2,478,765	\$ 822,523	\$3,642,486	\$2,104,478
Investments	838,278	280,070	3,100,456	4,218,804	-
Total	<u>\$1,179,476</u>	<u>\$2,758,835</u>	<u>\$3,922,979</u>	<u>\$7,861,290</u>	<u>\$2,104,478</u>

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

IV. Detailed notes on all funds – (continued)

A. Deposits and investments – (continued)

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

B. Deposits and investments

At year end, the Township's categorized investment balances were as follows:

	Category			Reported Amount/ Fair Value
	<u>1</u>	<u>2</u>	<u>3</u>	
Repurchase agreements	\$ -	\$ -	\$4,019,007	\$4,019,007
Fixed income investment	3,150,078	-	-	3,153,078
Total categorized	<u>\$3,153,078</u>	<u>\$ -0-</u>	<u>\$4,019,007</u>	<u>\$7,172,085</u>

In accordance with Michigan Public Act 20 of the Public Acts of 1943, as amended, MCL 129.91 and 129.93, the Township is empowered to invest in the following:

- a. In bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States. This subdivision shall include securities issued or guaranteed by the Government National Mortgage Association.
- b. In certificates of deposits, savings accounts, deposit accounts, or depository receipts of a bank which a member of the Federal Deposit Insurance Corporation (or its successor) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 and 6 of Act 105 of the Public Acts of 1855, as amended.
- c. In commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
- d. In bankers' acceptances of United States bank.

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

IV. Detailed notes on all funds - (continued)

B. Deposits and investments - (continued)

- e. In mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 801-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation. Authorized mutual funds are limited to securities whose intentions are to maintain a net asset value of \$1.00 per share. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:
 - 1. The purchase of securities on a when-issued or delayed delivery basis.
 - 2. The ability to lend portfolio securities as long as the mutual fund receives collateral all times equal to at least 100% of the securities loaned.
 - 3. The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- f. In repurchase agreements or reverse repurchase agreements. A Master Repurchase Agreement must be signed with the bank or dealer.
- g. Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.111 to 129.118.

The Township Board has adopted the above as its investment policy and additionally approved the following as authorized depositories: Republic Bank, Standard Federal, Citizens Bank, Bank One, Prudential, Paine Webber, Inc., Raymond James, and Fifth Third Bank.

The pension funds own 100% of investments in category 1.

The repurchase agreements are classified as cash equivalents in the general purpose financial statements.

Component units held no amounts classified as investments at December 31, 2004.

C. Receivables

Receivables as of year end for the Township's individual major funds and nonmajor, enterprise, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Governmental activities and fiduciary funds:

	<u>General</u>	Nonmajor Government <u>Funds</u>	<u>Total</u>
Receivables:			
Taxes	\$4,548,977	\$ -	\$4,548,977
Accounts	121,095	-	121,095
Gross receivables	4,670,072	-	4,670,072
Less: allowance for uncollectibles	24,830	-	24,830
Net total receivables	<u>\$4,645,242</u>	<u>\$ -0-</u>	<u>\$4,645,242</u>

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

IV. Detailed notes on all funds - (continued)

C. Receivables – (continued)

Business type activities:

	<u>Water and Sewer</u>
Receivables:	
Taxes	\$ 895,350
Accounts	2,203,903
Interest	46
Special assessments	<u>78,462</u>
Gross receivables	3,177,761
Less: allowance for uncollectibles	<u>5,919</u>
Net total receivables	<u><u>\$3,171,842</u></u>

D. Capital assets

Capital asset activity for the year ended December 31, 2004 was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$1,603,001	\$ 63,450	\$ 1,588	\$1,664,863
Construction in progress	<u>4,586,348</u>	<u>303,816</u>	<u>4,890,164</u>	<u>-</u>
Total capital assets, not being depreciated	<u>6,189,349</u>	<u>367,266</u>	<u>4,891,752</u>	<u>1,664,863</u>
Capital assets, being depreciated:				
Buildings and building improvements	2,081,437	4,562,793	15,155	6,629,075
Machinery and equipment	3,286,687	317,065	310,493	3,293,259
Vehicles	1,968,925	54,301	31,500	1,991,726
Furniture	126,102	149,141	12,492	262,751
Infrastructure	<u>-</u>	<u>329,617</u>	<u>-</u>	<u>329,617</u>
Total capital assets being depreciated	7,463,151	5,412,917	369,640	12,506,428
Less accumulated depreciation	<u>5,415,560</u>	<u>474,127</u>	<u>368,926</u>	<u>5,520,761</u>
Total capital assets, being depreciated, net	<u>2,047,591</u>	<u>4,938,790</u>	<u>714</u>	<u>6,985,667</u>
Governmental activities capital assets, net	<u><u>\$8,236,940</u></u>	<u><u>\$5,306,056</u></u>	<u><u>\$4,892,466</u></u>	<u><u>\$8,650,530</u></u>

Effective February 19, 1991, the Township Board dedicated the use of the Senior Citizens Activity Center, located at 2071 South Graham Road, to the Carman-Ainsworth Senior Citizens Association for a period of ten years.

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

IV. Detailed notes on all funds - (continued)

D. Capital assets – (continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
CIP	\$ -	\$ 85,123	\$ -	\$ 85,123
Total capital assets not being depreciated	-	85,123	-	85,123
Capital assets, being depreciated:				
System	39,212,740	-	-	39,212,740
Machinery and equipment	104,180	32,086	-	136,266
Total capital assets, being depreciated	39,316,920	32,086	-	39,349,006
Less accumulated depreciation for:				
System	30,537,308	982,652	-	31,519,960
Machinery and equipment	95,812	8,163	-	103,975
Total accumulated depreciation	30,633,120	990,815	-	31,623,935
Total capital assets, being depreciated, net	\$8,683,800	\$(958,729)	\$ -0-	\$7,725,071
Business-type capital assets, net	\$8,683,800	\$(873,606)	\$ -0-	\$7,810,194

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Current:

General government	\$ 28,278
Public safety	429,504
Recreation and cultural	16,345

Total depreciation expense - governmental activities	<u>\$474,127</u>
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Discretely presented component units fixed asset activity:

The Flint Township EDC and Flint Township CBDA do not have any fixed asset activity.

E. Interfund receivables and payables

The composition of interfund balances as of December 31, 2004 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Sewer and water	\$ 29,788
	Trust and agency	25,486
	Community development	1,517
Total General Fund		<u>\$ 56,791</u>

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

IV. Detailed notes on all funds - (continued)

E. Interfund receivables and payables - (continued)

Due to/from primary government and component units:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Drug Abuse Resistance		
Education fund	General	\$ 50,444
Sewer and Water Fund	General	56,395
		<u>\$106,839</u>
Tax Fund	Trust and Agency	<u>\$ 1,028</u>
Primary Government:		
General Fund	Component Unit – CBDA	<u>\$ 519</u>

F. Long-term debt

The government issues bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. Contractual agreements and installment purchase agreements are also general obligations of the government.

Long-term liability activity for the year ended December 31, 2004 can be summarized as follows:

	<u>General Obligation Bonds</u>	<u>Other Notes</u>	<u>Accumulated Annual and Sick Pay</u>	<u>Total</u>
Governmental activities:				
Debt at January 1, 2004	\$1,745,000	\$5,602,329	\$281,840	\$7,629,169
Principal payments made	(30,000)	(320,865)	-	(350,865)
Debt issued	-	127,832		127,832
Net change – sick pay	-	-	28,450	28,450
Total governmental activities long-term debt	<u>1,715,000</u>	<u>5,409,296</u>	<u>310,290</u>	<u>7,434,586</u>

The following is a summary of Business-Type long-term liability activity of the Township for the year ended December 31, 2004:

Business-type activities:				
Long-term debt payable at January 1, 2004	2,833,470	2,029,417	-	4,862,887
Principal payments made	<u>(546,026)</u>	<u>(1,052,800)</u>	<u>-</u>	<u>(1,598,826)</u>
Total business-type Activities long-term debt at December 31, 2004	<u>2,287,444</u>	<u>976,617</u>	<u>-</u>	<u>3,264,061</u>
Total long-term debt - all activities December 31, 2004	<u>\$4,002,444</u>	<u>\$6,385,913</u>	<u>\$310,290</u>	<u>\$10,698,647</u>

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

IV. Detailed notes on all funds - (continued)

F. Long-term debt

A summary of long-term liability transactions for the year ended December 31, 2004, and the composition of the December 31, 2004, long-term debt balance follows:

	Final Payment <u>Due</u>	Interest Rate or <u>Range</u>	Original Amount of <u>Issue</u>	Balance at December 31, <u>2003</u>	<u>Issuances</u> <u>During Year</u>
Governmental Activities:					
State Police Post	2025	N/A	\$7,059,156	\$5,582,076	\$ -
Copier capital lease	2007	N/A	17,294	14,112	-
Copier capital lease	2008	N/A	35,147	-	35,147
Road assessment payable	2013	N/A	Various	6,141	92,685
Building Authority Bonds - Series 2003	2031	43.0-5.0%	1,800,000	1,745,000	-
Accrued annual and sick pay				<u>281,840</u>	<u>28,450</u>
Total governmental activities				<u>\$7,629,169</u>	<u>\$156,282</u>

Contracts:

The Township entered into a lease agreement with G & K Associates for the state police post building. The lease payments are detailed below:

<u>Year Ended</u> <u>December 31</u>	<u>Principal</u> <u>Requirements</u>
2005	\$ 295,416
2006	295,416
2007	295,416
2008	295,416
2009	295,416
2010-2014	1,477,080
2015-2019	1,115,480
2020-2024	1,043,160
2025	<u>173,860</u>
	<u>\$5,286,660</u>

Retirements During <u>Year</u>	Balance at December 31, <u>2004</u>	Due Within One <u>Year</u>
\$(295,416)	\$5,286,660	\$295,416
(3,109)	11,003	3,427
(6,931)	28,216	7,103
(15,409)	83,417	9,268
(30,000)	1,715,000	30,000
-	310,290	-
<hr/>		
<u>\$(350,865)</u>	<u>\$7,434,586</u>	<u>\$345,214</u>

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

IV. Detailed notes on all funds - (continued)

F. Long-term debt - (continued)

Governmental activities – State Police Post – (continued)

The Township entered into a sub-lease agreement with the State of Michigan for the state police post building. The amounts to be received by the Township from the State of Michigan are detailed below:

<u>Year Ended December 31</u>	<u>Principal Requirements</u>
2005	\$ 319,561
2006	319,561
2007	319,561
2008	319,561
2009	319,561
2010-2014	1,597,805
2015-2019	1,248,074
2020-2024	1,160,640
2025	<u>232,128</u>
	<u><u>\$5,836,452</u></u>

Business activities:

	<u>Final Payment Due</u>	<u>Interest Rate or Range</u>	<u>Original Amount of Issue</u>	<u>Balance at December 31, 2003</u>	<u>Issuances (Retirements) During Year</u>
Business activities:					
McCollum Drain Note	April 1, 2010	5.0-5.6%	\$ 129,350	\$ 87,064	\$ (10,447)
Main Interceptor Contract	April 1, 2004	5.0	1,983,153	88,037	(88,037)
Flint Township Arm SS #1	April 1, 2005	4.6	4,500,000	400,000	(200,000)
Flint Township Laterals – Series 1998	April 1, 2010	3.75-4.65	3,335,000	1,705,000	(315,000)
1971 Township Laterals	April 1, 2005	4.0-5.1	7,000,000	800,000	(400,000)
1972 Township Interceptor	April 1, 2005	4.0-5.4	5,500,000	600,000	(300,000)
Swartz Creek Interceptor Contract	April 1, 2004	6.0	145,231	758	(758)
South Section Sewer System Contract	April 1, 2004	6.0	988,145	53,558	(53,558)
Water Supply System 1 – Refunding Series 1998 Contract	April 1, 2008	3.75-4.50	2,261,385	<u>1,128,470</u>	<u>(231,026)</u>
Total business-type activities				<u><u>\$4,862,887</u></u>	<u><u>\$(1,598,826)</u></u>

Balance at December 31, <u>2004</u>	Due Within One <u>Year</u>
\$ 76,617	\$ 10,946
-	-
200,000	200,000
1,390,000	310,000
400,000	400,000
300,000	300,000
-	-
-	-
897,444	231,027
<u>\$3,264,061</u>	<u>\$1,451,973</u>

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

IV. Detailed notes on all funds - (continued)

F. Long-term debt - (continued)

McCollum drain note:

In late 1993, the City of Flint and Flint Township received a court judgment to pay for the repair of the McCollum Storm Drain. This drain services the Sunridge Apartment complex. Cost of the repair was allocated among three governmental units with Flint Township's portion being 9.95%.

To pay for the repair of the drain, the Genesee County Drain office issued Limited Tax Obligation Bonds in the amount of \$1,500,000. Only the Township percentage of the debt, \$136,318, was originally recorded in the Township's accounting records. The principal balance owed at December 31, 2004 is \$76,617.

The court settlement also included a provision whereby the Sunridge complex is to reimburse Flint Township one-half of the Township's costs by way of annual assessments over a ten year period. The remaining amount due from the Sunridge complex at December 31, 2004 is, \$43,531, and has been recorded in the Sewer & Water Fund as accounts receivable.

Genesee County contracts:

The Township has entered into several contracts noted above with the County of Genesee for the construction of various sewer and water facilities. These four projects and Flint Township's percentage are as follows:

Main Interceptor Sewage System #1	19.0160%
Swartz Creek Interceptor	.6050
Sewage System #6 South Section	53.5580
Water Supply System #1 Refunding Series 1998	88.8560

The contracts for all other facilities are 100% operated by Flint Township. Only the Township percentage of construction costs and debt have been recorded in the Township's accounting records. Pursuant to the above mentioned contracts, the County has sold several bond issues.

Annual debt service requirements to maturity for the above obligations are as follows:

Year End June 30,	Governmental Activities		Business Type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 345,214	\$ 83,218	\$1,451,971	\$112,040
2006	346,136	81,097	543,523	69,523
2007	351,779	79,254	534,578	45,570
2008	344,828	76,684	526,130	21,725
2009	339,685	75,150	207,859	9,879
2010-2014	1,719,154	353,160	-	-
2015-2019	1,385,480	304,435	-	-
2020-2024	1,403,160	234,025	-	-
2025-2029	653,860	133,750	-	-
2030-2031	235,000	17,750	-	-
Total	<u>\$7,124,296</u>	<u>\$1,438,523</u>	<u>\$3,264,061</u>	<u>\$258,737</u>

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

IV. Detailed notes on all funds - (continued)

F. Long-term debt - (continued)

Advance refundings and defeasance:

During 1998, the Township defeased its Flint Township Laterals, Laterals Series 2 and Water Supply System #1 contracts by the issuing of Refunding Bonds Series 1998. The proceeds were placed in an irrevocable trust to provide for all future debt service payments on the old contracts. Accordingly, the trust account assets and the liability for the defeased contracts are not included in the general purpose financial statements. At December 31, 2004, \$1,700,000 of the Lateral contract and \$1,190,700 of the Water Supply System #1 contract are considered defeased.

V. Other information

A. Deferred compensation

The Township offers its employees a Deferred Compensation Plan created in accordance with IRC Section 457. The plan, available to substantially all Township employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseen emergency.

The law was changed to allow trusts to be created for the plan assets, thereby, insulating the assets from the Township's general creditors. The Township's plan administrator created the trust and placed the assets of the plan within the trust. As a result, the plans assets are not shown on the financial statements to reflect that the Township has no fiduciary or administrative responsibility for this plan.

B. Retirement plans and other post-employment benefits

Retirement plans:

The Township has five separate pension plans, one for the firefighters, one for police officers and the Controller, one for full-time clerical staff and some non-union, one for elected officials and non-union employees, and one for police communication operators. Benefit provisions and contribution obligations have been established by the Township Board.

a. Firefighters' Pension Trust:

(1) Plan description:

The Township has a single employer defined benefit pension plan which covers substantially all full-time firefighters. The plan was established in accordance with the State of Michigan's Public Act 345 of 1937. The plan is administered by a five-member Board of Trustees comprised of two members of the Township's administration and three other Township employees. Investments of the plan are made through Bank One Trust Department. The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits.

Membership in the plan at December 31, 2004, the date of the latest actuarial valuation is comprised of 14 active plan members.

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

V. Other information – (continued)

B. Retirement plans and other post-employment benefits – (continued)

Retirement plans: – (continued)

a. Firefighters' Pension Trust: – (continued)

(1) Plan description: – (continued)

Employees who retire at or after age 60, regardless of years of credited service, or those members with 25 years credited service and who are at least 50 years of age, are entitled to a retirement benefit. Straight life pension for firefighters equals 2.5% of 3 year average final compensation (AFC) times first 25 years of service plus 1% of AFC times years of service in excess of 25 years. Lump sum payments to firemen for unused sick leave are included in the computation of AFC.

(2) Funding policy:

Employees are required to deposit 8% of all monetary compensation, including overtime. The Township makes employer contributions (9.88%) in accordance with funding requirements determined by an independent actuary. Employee deposits are accumulated in individual accounts for each member remaining in service. If a member leaves service, he or she may withdraw his or her accumulated deposits together with interest, as the Board may determine, but not to exceed 2% per annum.

b. Police Officers' and Controller's Pension Plan:

(1) Plan description:

The Township police officers and controller participate in the Michigan Municipal Employees Retirement System (MERS) defined benefit plan which is an agent multiple-employer public employee retirement system (PERS). The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the State of Michigan. The Township has no fiduciary responsibility for the plan. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system as a whole.

Police employees and the controller are eligible for full retirement benefits upon completion of 25 years of service, regardless of age. Straight life pension for police officer's and the controller are calculated as follows: credited service at time of termination multiplied by 2.5% of the member's final average compensation (3 highest consecutive years within the last 10 years of employment), up to a maximum of 80% of final average compensation. The retirement allowance is reduced 1/2 of 1% for each complete month that retirement precedes normal retirement age.

Membership in the plan at December 31, 2003, the date of the latest actuarial valuation, is comprised of 44 active members. There are 2 inactive vested members and 2 retirants.

(2) Funding policy:

The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. Police employees and the controller are required to deposit 10.42% of all monetary compensation, including overtime. Effective January 2005, the required deposit decreased to 9.99%. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. Employee deposits are accumulated in individual accounts for each member remaining in service. If a member leaves service, they may withdraw their accumulated deposits together with interest, as the Board may determine, but not to exceed 5% per annum.

Charter Township of Flint
Notes to Financial Statements
December 31, 2004

V. Other information – (continued)

B. Retirement plans and other post-employment benefits - (continued)

Retirement plans: - (continued)

c. Clerical/Full-Time Non-Union Plan:

(1) Plan description:

The clerical/full-time and some non-union employees participate in the Michigan Municipal Employees Retirement System (MERS) defined benefit plan, which is an agent multiple-employer public employee retirement system (PERS). The MERS was organized pursuant to Act No. 427, Public Acts of 1984, as amended, and the Constitution of the State of Michigan. The Township has no fiduciary responsibility for the plan. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system as a whole.

Full-time clerical and some non-union employees are eligible for full retirement benefits at age 55 upon completion of 25 years of service. Straight life pension for full-time clerical and some non-union are calculated as follows: credited service at time of termination multiplied by 2.5% of the member's final average compensation (5 highest consecutive years within the last 10 years of employment), up to a maximum of 80% of final average compensation. The retirement allowance is reduced 1/2 of 1% for each complete month that retirement precede normal retirement age.

Membership in the plan at December 31, 2003, the date of the latest actuarial valuation, is comprised of 19 active members and 1 inactive vested member and 1 retirant.

(2) Funding policy:

The plan provides that the employer/employees contribute amounts necessary to fund the actuarially determined benefits. Full-time clerical and some non-union employees are required to deposit 6.97% of all monetary compensation, including overtime. Effective January 2005, the required deposit increased to 7.00%. The Township makes employer contributions in accordance with funding requirements determined by MERS' actuary. Employee deposits are accumulated in individual accounts for each member remaining in service. If a member leaves service, they may withdraw their accumulated deposits together with interest, as the Board may determine, but not to exceed 5% per annum.

Charter Township of Flint
Notes to Financial Statements
December 31, 2004

V. Other information – (continued)

B. Retirement plans and other post-employment benefits - (continued)

Retirement plans: - (continued)

- d. Firefighters', Police Officers' and Controller's, and Clerical/Full-time non-union pension plans actuarial assumptions:

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>Clerical/ Full-Time Non-Union</u>	<u>Firefighters' Pension Trust</u>	<u>Police Officers' and Controller's Pension Trust</u>
Valuation date	December 31, 2003	December 31, 2004	December 31, 2003
Actuarial cost method	Entry age normal cost method	Entry age cost method	Entry age normal
Amortization method	Level percent	Level percent	Level percent
Remaining amortization period	30 years	25 years open	33 years
Asset valuation method	5 year smoothed market	4 year smoothed market	5 year smoothed market
Actuarial assumption:			
Investment rate of return	8.00%	8.00%	8.0%
Projected salary increases	4.5%-8.7%	4.5%-7.5%	4.5%-8.7%
Includes inflation at	4.5%	4.5%	4.5%
Cost-of-living adjustments	None	None	2.5%

- e. Firefighters', Police Officers' and Controller's and clerical/full-time non-union pension plans annual pension cost and net pension obligation:

The Township's annual pension cost and net pension obligation for 2004 were as follows:

	<u>Clerical/ Full-Time Non-Union Plan</u>	<u>Firefighters' Pension Trust</u>	<u>Police and Controllers Pension Plan</u>	<u>Total</u>
Annual Required Contribution (ARC)	\$ 40,716	\$ 225,131	\$ 170,676	\$ 436,523
Annual pension cost (APC)	40,716	225,131	170,676	436,523
Contributions Made	40,748	365,083	200,638	606,469
Decrease in Net Pension Obligation (NPO)	(32)	(139,952)	(29,962)	(169,946)
Net Pension Obligation - beginning of year	(11,154)	(221,082)	(119,703)	(351,939)
Net Pension Obligation - end of year	\$ (11,186)	\$(361,034)	\$(149,665)	\$(521,885)

Charter Township of Flint
Notes to Financial Statements
December 31, 2004

V. Other information – (continued)

B. Retirement plans and other post-employment benefits - (continued)

Retirement plans: - (continued)

f. General pension plan:

All other employees not described in a previous plan changed to a defined contribution plan through the Michigan Municipal Employees Retirement System (MERS). The details of the two defined contribution plans offered by the Township are as follows:

	Elected Officials and Non-Union <u>Employees</u>	Police Communication <u>Operators</u>
Employee contribution %	5%	5%
Employer contribution %	10%	5%
Vesting	Immediate	20% per year over 5 years
Employee contributions for 12/31/04	\$41,524	\$5,405
Employer contribution for 12/31/04	\$40,498	\$5,405

Flint Township CBDA also participates in the elected officials and non-union employees plan. CBDA employee and employer contributions under this plan amounted to \$11,916 and \$11,916, respectively, for the year ended December 31, 2004.

g. Post retirement benefits:

The Township provides post retirement benefits (health, dental, and optical) to all Township retirees. Life insurance is also provided to non fire and police retirees. The total cost for these benefits for 2004 was \$302,864. The total number of eligible retirees amounted to 30 at December 31, 2004. The Township pays for 100% of these costs as incurred and provides no funding for them as they are earned. There are no provisions for employee contributions.

C. Construction code revenues/expenditures

The State Construction Code Act, Michigan Public Act 245 of 1999, and rules promulgated by the Department of Treasury regarding that Act, require that a local unit's fees collected from construction code permits be accounted for in a method which shows that all of these fees were used for expenditures related to the operation of the enforcing agency. The rules indicated that if the revenues exceeded the expenditures, the fees collected must be kept in a separate fund with all the revenues and expenditures accounted for in that fund. These rules allowed for monitoring these funds in a separate activity center within the General Fund if the expenditures would normally exceed the revenues. The Township chose the latter because historically, the expenditures have exceeded revenues. The activity related to construction code activity for the year ended December 31, 2004 is as follows:

Construction permit revenue	\$275,540
Expenditures:	
Professional services	<u>279,563</u>
Expenditures over revenues	(4,023)
Beginning fund balance	<u>43,662</u>
Ending fund balance	<u>\$ 39,639</u>

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

V. Other information – (continued)

D. Summary disclosures of significant contingent liabilities

The Township participates in federally assisted grant programs. These programs are subject to program compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time although the Township expects such amount, if any, to be immaterial.

The Township is a defendant in several lawsuits relating to various issues. Legal counsel estimates that any potential claims arising against the Township resulting from such litigation would not materially affect the financial statements of the Township.

E. Risk management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries, as well as medical benefits provided to employees. The Township has purchased commercial insurance for property, liability, wrongful acts, law enforcement, automobile, bond, crime, inland marine, and boiler claims. The Township participates in the Michigan Township Participation Plan for claims relating to liability, no fault and excess comprehensive coverage and in the Michigan Municipal Worker's Compensation Fund for claims relating to workmen's compensation. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. During calendar year 2004, the deductible on police cars was raised to \$10,000 making the Township basically self-insured for the majority of police car repairs.

The Michigan Township Participation Plan operates as an insurance - purchasing pool for local units of government in Michigan. The Michigan Municipal Compensation Fund also operates as an insurance - purchasing pool for local units of government in Michigan. These plans purchase commercial insurance on behalf of their members at a lower cost than would be available on an individual basis.

F. Commitment

The Township has signed a long term contract with a vendor to provide waste management services. The following amounts are to be paid to the vendor per the contract based on collection at 9,440 homes, a fixed annual fee for mobile homes collection of \$95,700 and annual land fill tax of \$2,256.

2005	\$1,047,242
2006	1,106,148
2007	1,133,335
2008	1,151,460
2009	1,174,116
2010	1,197,905

Charter Township of Flint, Michigan
Notes to Basic Financial Statements
December 31, 2004

VI. Industrial revenue bonds outstanding (conduit debt)

Bonding project:

During 1988, the Township established the Economic Development Corporation of the Charter Township of Flint. The Corporation issued \$4,500,000 in limited obligation economic development revenue bonds during 1988. Since the bonds are payable solely from the net revenues derived from the project and the bonds are not a general obligation of the corporation or the Township, the bonds have not been reflected in the financial statements of the Township. Details of the bonding project are as follows:

Project:	Baker College Campus
Amount of issue:	\$4,500,000
Date of issue:	November 9, 1988
Rate and terms:	Tax exempt floating rate

Bonding project: - (continued)

The Corporation issued \$4,500,000 in limited obligation economic development revenue bonds during 1990. Details of the bonding project are as follows:

Project:	Genesee County Real Estate, Inc.
Amount of issue:	\$4,500,000
Date of issue:	September 26, 1990
Rate and terms:	Tax exempt floating rate

The Corporation issued \$2,500,000 in limited obligation economic development revenue bonds during 1997. Details of the bonding project are as follows:

Project:	Baker College of Flint 1998 Project
Amount of issue:	\$2,500,000
Date of issue:	July 1, 1998
Rate and terms:	Tax-exempt floating rate

The Corporation issued \$2,500,000 in limited obligation economic development revenue bonds during 2003. Details of the bonding project are as follows:

Project:	PME International, LLC and PME Properties, LLC
Amount of issue:	\$2,500,000
Date of issue:	July 30, 2003
Rate and terms:	Tax-exempt floating rate

Required Supplementary Information

**Charter Township of Flint
Required Supplementary Information
Analysis of Funding Progress**

**Pension Plans
Schedule of Funding Progress**

<u>Plan Year End</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability Entry Age (AAL) (b) (1)</u>	<u>Unfunded (Over funded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as % of Covered Payroll (b-a)/c)</u>
<u>Firefighters' Pension Trust:</u>							
12/31/04	12/31/04	\$3,209,627	\$6,317,294	\$3,108,297	50.8%	\$ 912,917	340.4%
12/31/03	12/31/03	3,123,648	5,704,006	2,580,358	54.8	691,434	373.1
12/31/02	12/31/02	3,117,819	5,646,173	2,528,354	55.2	705,940	358.2
<u>Police and Controller's Pension Plan:</u>							
12/31/04	12/31/03	\$8,022,622	\$9,695,352	\$1,672,730	82.7%	\$2,603,734	64.2%
12/31/03	12/31/02	7,020,866	8,935,062	1,914,196	78.6	2,438,222	78.5
12/31/02	12/31/01	6,426,590	7,768,340	1,341,750	82.7	2,360,766	56.8
<u>Clerical/Full-Time Non-Union Plan:</u>							
12/31/04	12/31/03	\$1,182,844	\$1,388,449	\$205,605	85.2%	\$603,598	34.1%
12/31/03	12/31/02	1,008,799	1,263,195	254,396	79.9	670,646	37.9
12/31/02	12/31/01	988,253	1,085,206	96,953	91.1	649,166	14.9

**Pension Plan
Schedules of Employer Contributions**

<u>Plan Year End</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percent Contributed</u>
<u>Firefighters' Pension Trust:</u>			
12/31/04	12/31/04	\$225,131	162.1%
12/31/03	12/31/03	220,326	143.5
12/31/02	12/31/02	202,155	162.4
12/31/01	12/31/01	195,088	161.9
12/31/00	12/31/99	180,726	191.9
<u>Police and Controller's Pension Plan:</u>			
12/31/04	12/31/03	\$170,676	117.5%
12/31/03	12/31/02	165,252	111.2
12/31/02	12/31/01	102,852	161.2
12/31/01	12/31/00	111,366	91.8
12/31/00	12/31/99	91,891	74.3

(continued)

Charter Township of Flint
Required Supplementary Information
Analysis of Funding Progress (continued)

Pension Plan
Schedules of Employer Contributions

<u>Plan Year End</u>	<u>Actuarial Valuation Date</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percent Contributed</u>
<u>Clerical/Full-Time Non-Union Plan:</u>			
12/31/04	12/31/03	\$ 40,716	100.0%
12/31/03	12/31/02	35,376	131.5
12/31/02	12/31/01	29,663	100.0
12/31/01	08/01/01 (plan start date)	19,050	100.0

Pension Plans
Three Year Trend Information *

<u>Plan Year End</u>	<u>Actuarial Valuation Date</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation (NPO)</u>
<u>Firefighters' Pension Trust:</u>				
12/31/04	12/31/04	\$225,131	162.1%	\$(361,034)
12/31/03	12/31/03	220,326	143.5	(221,082)
12/31/02	12/31/01	202,228	162.4	(125,236)
<u>Police and Controller's Pension Plan:</u>				
12/31/04	12/31/03	\$170,676	117.5%	\$(149,665)
12/31/03	12/31/02	165,252	111.2	(119,703)
12/31/02	12/31/01	90,696	182.9	(101,185)
<u>Clerical/Full-Time Non-Union Plan:</u>				
12/31/04	12/31/03	\$ 40,716	100.0%	\$ (11,186)
12/31/03	12/31/02	35,376	131.5	(11,154)
12/31/02	12/31/01	29,663	100.0	-

**Charter Township of Flint
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2004**

	Budgeted		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
<u>Taxes</u>				
Current taxes	\$ 4,769,619	\$ 4,769,619	\$ 4,641,447	\$ (128,172)
Special assessments	2,000	2,000	2,241	241
Total taxes	4,771,619	4,771,619	4,643,688	(127,931)
<u>Licenses and permits</u>				
Business licenses and permits	12,960	12,960	12,607	(353)
Building permits	265,000	265,000	275,540	10,540
Dog license fees	150	150	144	(6)
Total licenses and permits	278,110	278,110	288,291	10,181
<u>Federal</u>				
Grant income	71,999	95,694	108,877	13,183
<u>State and Local</u>				
Fire department grant	-	-	-	-
State shared revenue	2,834,492	2,834,492	2,612,811	(221,681)
Grant income	65,301	65,301	79,119	13,818
Metro act	2,000	2,000	19,972	17,972
Liquor law enforcement	18,000	18,000	20,092	2,092
Total intergovernmental - state	2,919,793	2,919,793	2,731,994	(187,799)
<u>Charges for services</u>				
Police services	78,300	78,300	84,514	6,214
Trailer park fees	8,608	8,608	8,565	(43)
Property tax administration fees	429,840	429,840	407,227	(22,613)
Zoning fees	5,300	5,300	5,530	230
Permit fees	166,253	166,253	144,652	(21,601)
Street lighting	263,000	263,000	257,374	(5,626)
Weeds and demolition	37,000	37,000	24,040	(12,960)
Summer tax fees	48,500	48,500	51,117	2,617
Cable TV fees	362,250	362,250	340,482	(21,768)
Carman phase III contribution	75,973	75,973	85,565	9,592
Administrative fees	230,000	230,000	239,664	9,664
Planning commission fees	21,000	21,000	17,418	(3,582)
Total charges for services	1,726,024	1,726,024	1,666,148	(59,876)
<u>Fines and forfeits</u>				
Interest, fees, and penalties	16,500	16,500	25,209	8,709
Uniform traffic code fines	58,000	58,000	44,018	(13,982)
Total fines and forfeits	74,500	74,500	69,227	(5,273)
<u>Interest</u>	99,000	99,000	79,762	(19,238)
<u>Other revenue</u>	76,500	76,500	126,021	49,521
Total revenues	\$10,017,545	\$10,041,240	\$ 9,714,008	\$ (327,232)

(continued)

**Charter Township of Flint
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual (continued)
For the Year Ended December 31, 2004**

	Budgeted		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
Expenditures:				
<u>General government</u>				
Township board:				
Salaries - board members	\$ 29,953	\$ 29,953	\$ 28,181	\$ 1,772
Fringe benefits	31,477	31,477	26,025	5,452
Printing and publishing	10,000	10,000	13,357	(3,357)
Dues and memberships	250	250	50	200
Miscellaneous	500	500	35	465
Total township board	72,180	72,180	67,648	4,532
Supervisor's office:				
Salary - supervisor	52,274	52,274	52,724	(450)
Wages	33,092	33,092	28,318	4,774
Fringe benefits	32,648	32,648	30,655	1,993
Office supplies	1,250	1,250	854	396
Printing and publishing	125	125	-	125
Repair and maintenance	1,000	1,000	414	586
Education and training	350	350	150	200
Contractual services	-	-	53	(53)
Conference and workshop	1,500	1,500	1,280	220
College tuition reimbursement	1,520	1,520	1,520	-
Portable communications	1,250	1,250	1,175	75
Transportation	750	750	276	474
Dues and memberships	300	300	275	25
Miscellaneous	350	350	35	315
New equipment	2,500	2,500	630	1,870
Total supervisor's office	128,909	128,909	118,359	10,550
Election commission	98,448	138,093	127,365	10,728
Assessor's office:				
Wages - permanent	162,194	162,194	164,666	(2,472)
Wages - part time	-	-	8,225	(8,225)
Fringe benefits	56,363	56,363	65,645	(9,282)
Office supplies	1,010	1,010	531	479
Legal fees	20,000	20,000	2,025	17,975
Miscellaneous	200	200	145	55
Contractual services	44,400	74,400	52,442	21,958
Transportation	460	460	623	(163)
Conference and workshop	2,400	2,400	1,132	1,268
Repair and maintenance	3,440	3,440	2,763	677
Portable communications	1,920	1,920	731	1,189

(continued)

Charter Township of Flint
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual (continued)
For the Year Ended December 31, 2004

	Budgeted		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<u>General government - (continued)</u>				
Assessor's office: - (continued)				
Printing and publishing	11,000	11,000	9,113	1,887
Dues and memberships	810	810	828	(18)
New equipment	3,850	3,850	2,765	1,085
Total assessor's office	308,047	338,047	311,634	26,413
Clerk's department:				
Salary - clerk	47,654	47,654	47,653	1
Wages - permanent	65,984	52,484	46,748	5,736
Wages - part-time	10,000	-	-	-
Fringe benefits	57,401	48,603	46,277	2,326
Communications	1,000	1,000	1,030	(30)
New equipment	-	-	205	(205)
Office supplies	1,500	1,500	1,042	458
Operating supplies	300	300	-	300
Transportation	300	300	28	272
Conference and workshop	2,500	400	294	106
Repair and maintenance	150	150	-	150
Dues and memberships	500	500	410	90
Miscellaneous	500	-	341	(341)
Printing and publishing	500	500	-	500
Building additions & improvements	-	-	-	-
Rentals	-	-	-	-
Total clerk's department	188,289	153,391	144,028	9,363
Controller's office:				
Wages	172,165	172,165	168,226	3,939
Fringe benefits	81,482	81,482	80,737	745
Office supplies	2,993	2,993	2,621	372
Transportation	400	400	121	279
Repair and maintenance	5,000	5,000	4,984	16
Contractual services	633	633	-	633
Miscellaneous expense	100	100	-	100
Conference and workshop	1,200	1,200	1,149	51
College tuition reimbursement	1,520	1,520	-	1,520
Dues and memberships	263	263	335	(72)
Lease payments	0	294	294	-
New equipment	4,000	4,000	4,079	(79)
Total controller's office	269,756	270,050	262,546	7,504

(continued)

**Charter Township of Flint
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual (continued)
For the Year Ended December 31, 2004**

	Budgeted		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<u>General government - (continued)</u>				
Treasurer's department:				
Salary	50,253	50,253	49,019	1,234
Wages - permanent	50,616	50,616	53,741	(3,125)
Wages-temporary	6,400	6,400	2,240	4,160
Fringe benefits	33,119	33,119	33,976	(857)
Office supplies	950	950	1,628	(678)
New equipment	-	-	375	(375)
Transportation	150	150	111	39
Conference and workshop	2,500	2,500	1,702	798
College tuition reimbursement	500	500	-	500
Contractual services	13,400	13,400	12,075	1,325
Communications	400	400	276	124
Repair and maintenance	1,300	1,300	939	361
Dues and memberships	400	400	197	203
Printing and publishing	100	100	261	(161)
Miscellaneous	225	225	183	42
Education and training	500	500	595	(95)
Preparation of tax roll	19,000	19,000	15,902	3,098
Total treasurer's department	179,813	179,813	173,220	6,593
Township hall and grounds:				
Salaries - ground care	16,862	16,862	14,073	2,789
Wages - temporary	-	-	-	-
Fringe benefits	12,694	12,694	10,658	2,036
Office supplies	16,600	16,600	23,163	(6,563)
New equipment	2,000	2,000	1,194	806
Cleaning supplies	2,652	2,652	799	1,853
Contractual services	15,800	15,800	13,379	2,421
Repair and maintenance	15,000	15,000	27,745	(12,745)
Transportation	420	420	212	208
Printing and publishing	7,250	7,250	3,775	3,475
Telephone	10,675	10,675	5,716	4,959
Utilities	20,000	20,000	9,161	10,839
Rental	5,500	5,500	7,418	(1,918)
Miscellaneous	1,950	1,950	1,581	369
Building additions and improvements	-	-	-	-
Total township hall and grounds	127,403	127,403	118,874	8,529

(continued)

**Charter Township of Flint
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual (continued)
For the Year Ended December 31, 2004**

	Budgeted		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<u>General government - (continued)</u>				
General administrative:				
Highways and streets	20,000	20,000	23,101	(3,101)
Street lighting	284,500	284,500	274,198	10,302
Dust prevention	15,500	15,500	14,115	1,385
Weed control	34,000	34,000	23,634	10,366
Garbage collection	1,006,847	1,006,847	1,012,897	(6,050)
Contractual services-cemetery	15,000	15,000	13,641	1,359
Lease expense	295,416	295,416	295,416	-
Signal charges	6,000	6,000	5,700	300
Miscellaneous	10,990	10,990	66,868	(55,878)
Retiree benefits	265,241	297,000	302,864	(5,864)
Unemployment benefits	6,000	6,000	1,181	4,819
Refuse recycling	-	-	-	-
Sidewalk maintenance	2,500	2,500	-	2,500
Total general administrative	1,961,994	1,993,753	2,033,615	(39,862)
Professional services:				
Legal fees	65,000	65,000	67,350	(2,350)
Auditing fees	12,900	16,250	13,520	2,730
Labor negotiations	27,000	43,500	45,531	(2,031)
Computer technical support	22,500	35,000	33,264	1,736
Total professional services	127,400	159,750	159,665	85
Civil service:				
Salaries and wages	2,640	2,640	350	2,290
Part-time wages	1,560	1,560	1,915	(355)
Fringe benefits	339	339	196	143
Per diem	182	182	-	182
Office supplies	2,004	2,004	607	1,397
Printing and publishing	1,290	1,290	1,880	(590)
Miscellaneous	1,198	1,198	-	1,198
Total civil service	9,213	9,213	4,948	4,265
Board of review:				
Wages	180	180	126	54
Part-time wages	2,900	2,900	2,660	240
Fringe benefits	260	260	221	39
Office supplies	120	120	-	120
Printing and publishing	490	490	-	490
Conferences and workshops	130	130	77	53
Total board of review	4,080	4,080	3,084	996

(continued)

**Charter Township of Flint
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual (continued)
For the Year Ended December 31, 2004**

	Budgeted		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<u>General government - (continued)</u>				
Liquor advisory commission:				
Salaries and wages	235	235	250	(15)
Part-time wages	400	400	150	250
Fringe benefits	55	55	50	5
Total liquor advisory commission	690	690	450	240
Planning commission:				
Salaries and wages	2,400	2,400	1,584	816
Part-time wages	9,600	9,600	2,964	6,636
Fringe benefits	1,113	1,113	433	680
Dues and memberships	500	500	400	100
Transportation	200	200	-	200
Conferences and workshops	600	600	79	521
Total planning commission	14,413	14,413	5,460	8,953
Zoning board of appeals:				
Salaries and wages	2,400	2,400	1,164	1,236
Part-time wages	4,800	4,800	1,822	2,978
Dues and memberships	300	300	200	100
Conference and workshops	272	272	-	272
Mileage	100	100	-	100
Fringe benefits	872	872	324	548
Total zoning board of appeals	8,744	8,744	3,510	5,234
Total general government	3,499,379	3,598,529	3,534,406	64,123
<u>Public safety</u>				
Fire department:				
Salary - permanent	971,966	968,857	1,025,667	(56,810)
Wages - on call firemen and other	114,932	114,932	87,605	27,327
Fringe benefits	655,951	654,502	663,407	(8,905)
Uniforms	27,000	27,000	13,075	13,925
Office supplies	4,500	4,500	836	3,664
Cleaning supplies	1,800	1,800	1,629	171
Operating supplies	16,000	16,000	9,907	6,093
New equipment	-	-	-	-
Transportation	18,000	18,000	6,494	11,506
Repair and maintenance	-	-	-	-
Dues and memberships	3,000	3,000	1,585	1,415
Conference and workshop	16,000	16,000	8,339	7,661
Building additions and improvements	-	-	-	-
Community promotion	4,000	4,000	1,257	2,743

(continued)

**Charter Township of Flint
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual (continued)
For the Year Ended December 31, 2004**

	Budgeted		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<u>Public safety - (continued)</u>				
Fire department: - (continued)				
Miscellaneous	1,000	1,000	1,625	(625)
Radio maintenance	3,500	3,500	1,037	2,463
Rentals	5,000	5,000	2,417	2,583
Printing and publishing	2,000	2,000	-	2,000
College tuition reimbursement	3,000	3,000	341	2,659
Telephone	20,500	20,500	21,239	(739)
Utilities	30,000	30,000	25,925	4,075
Total fire department	1,898,149	1,893,591	1,872,385	21,206
Police department:				
Wages	2,694,074	2,692,416	2,737,807	(45,391)
Part-time wages	175,251	175,251	157,181	18,070
Fringe benefits	1,054,724	1,054,424	1,107,607	(53,183)
Uniforms	44,400	24,400	27,349	(2,949)
Office supplies	10,000	10,000	8,903	1,097
Operating supplies	47,790	47,790	55,648	(7,858)
New equipment	100,591	100,591	38,465	62,126
Transportation	67,000	67,000	73,877	(6,877)
Repair and maintenance	105,150	90,150	87,822	2,328
Rentals	9,200	9,200	5,402	3,798
Dues and memberships	2,403	2,403	1,809	594
Conference and workshop	2,000	2,000	445	1,555
Community promotion	13,000	13,000	9,689	3,311
Miscellaneous	20,000	20,000	7,655	12,345
Radio maintenance	4,600	4,600	3,752	848
Telephone	25,000	25,000	21,836	3,164
Portable communications	10,000	10,000	11,936	(1,936)
Printing and publishing	6,000	6,000	1,982	4,018
College tuition reimbursement	4,000	4,000	3,076	924
Education and training	32,000	32,000	24,595	7,405
Drug investigations	500	500	20	480
Awards and banquets	10,000	10,000	-	10,000
Drug forfeiture	908	908	1,102	(194)
Genesee County Narcotics	18,117	18,117	18,117	-
Contractual services	12,494	61,238	63,257	(2,019)
Per diem fees	250	250	-	250
GAIN contribution	8,000	8,000	8,000	-
D.A.R.E. program	-	-	-	-
Lease payment	111,550	111,550	111,550	-
Equipment lease	11,700	11,700	12,540	(840)
Utilities	105,000	105,000	60,264	44,736
Total police department	4,705,702	4,717,488	4,661,686	55,802

(continued)

Charter Township of Flint
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual (continued)
For the Year Ended December 31, 2004

	Budgeted		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<u>Public safety - (continued)</u>				
Building department:				
Salary and wages	203,424	203,424	188,032	15,392
Fringe benefits	51,908	51,908	49,878	2,030
Office supplies	3,000	3,000	4,440	(1,440)
New equipment	2,600	2,600	2,174	426
Operating supplies	1,600	1,600	3,671	(2,071)
Transportation	4,049	4,049	1,544	2,505
Repair and maintenance	3,500	3,500	4,396	(896)
Contractual services	1,500	1,500	15,762	(14,262)
Conference and workshop	1,000	1,000	1,661	(661)
Rentals	-	-	380	(380)
Dues and memberships	700	700	100	600
Architectural assistance	500	500	-	500
Miscellaneous	500	500	297	203
Printing and publishing	3,500	3,500	-	3,500
Telephone	4,340	4,340	3,758	582
Education and training	-	-	105	(105)
Equipment lease	-	440	352	88
Auditing fees	-	-	1,000	(1,000)
Utilities	2,500	2,500	2,013	487
Total building department	284,621	285,061	279,563	5,498
Trade inspections:				
Salary and wages	47,486	47,486	49,497	(2,011)
Wages-trade inspector	59,990	59,990	60,386	(396)
Fringe benefits	25,607	25,607	26,296	(689)
Office supplies	1,537	1,537	1,029	508
Miscellaneous	50	50	-	50
Operating supplies	600	600	684	(84)
Auditing fees	7,725	7,725	8,500	(775)
Contractual services	500	500	-	500
Telephone	1,950	1,950	1,791	159
Transportation	1,250	1,250	380	870
Printing and publishing	350	350	-	350
Utilities	800	800	978	(178)
Repair and maintenance	500	500	258	242
Fair market rental value	10,500	10,500	10,500	-
Insurance	4,687	4,687	4,000	687
Conferences and workshops	2,400	2,400	1,419	981
Equipment	800	800	136	664
Lease payments	-	-	411	(411)
Dues and subscriptions	305	305	575	(270)
Total trade inspections	167,037	167,037	166,840	197
Total public safety	7,055,509	7,063,177	6,980,474	82,703

(continued)

**Charter Township of Flint
General Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual (continued)
For the Year Ended December 31, 2004**

	Budgeted		Actual	Variance With Final Budget - Favorable (Unfavorable)
	Original	Final		
<u>Recreation and cultural</u>				
Library/Senior Citizens Center	54,402	78,097	68,931	9,166
<u>Insurance</u>				
General	182,700	182,700	172,445	10,255
Worker's compensation	177,000	177,000	152,583	24,417
Total insurance	359,700	359,700	325,028	34,672
Total expenditures	10,968,990	11,099,503	10,908,839	190,664
Deficiency of revenues over expenditures	(951,445)	(1,058,263)	(1,194,831)	(136,568)
Other financing sources (uses):				
Sub-lease income - state police post	319,562	319,562	319,561	(1)
Sale of property and equipment	4,500	4,500	12,000	7,500
Operating transfers out	-	(11,306)	(11,306)	-
Total other financing sources	324,062	312,756	320,255	7,499
Deficiency of revenues and other sources over expenditures and other uses	(627,383)	(745,507)	(874,576)	(129,069)
Fund balance - beginning of year	2,078,075	2,078,075	2,078,075	-
Fund balance - end of year	\$ 1,450,692	\$ 1,332,568	\$ 1,203,499	\$ (129,069)

Combining Fund Statements and Fund Descriptions

**Charter Township of Flint, Michigan
Nonmajor Governmental Funds
Summary Descriptions
December 31, 2004**

Special Revenue Funds

The Community Development Fund accounts for revenues and expenditures incurred by the Township as a sub-grantee.

The Drug Abuse Resistance Education Fund activities related to drug abuse prevention and education training is used to account for a special property tax levy approved by voters to provide additional police protection for neighborhoods.

The Public Improvement Fund accounts for non-tax revenues set aside for capital projects. Expenditures in this fund are limited to capital projects or large capital purchases.

Debt Service Funds

The Debt Service Fund was established to accumulate resources for the payment of the Building Authority Bonds – Series 2003.

**Charter Township of Flint, Michigan
Fiduciary Funds
Summary Descriptions
December 31, 2004**

Pension Trust Funds

The Firefighters Pension is used to account for the financial operations of a retirement plan for firemen.

Agency Funds

The General Agency Fund is used to account for delinquent property taxes levied by other taxing units and other assets held by the Township as an agent for individuals, private organizations, other governments, and other funds.

The Tax Agency Fund is used to account for cash receipts and disbursements of current property taxes levied by other taxing units and other funds.

**Charter Township of Flint
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**

Special Revenue				
Assets	Community Development	Drug Abuse Resistance Education	Public Improvement	Building Authority
Cash and cash equivalents	\$ -	\$ -	\$ 68,208	\$ 49,842
Investments	-	-	-	-
Due from other funds	-	50,444	-	-
Due from other governments	1,517	-	-	-
Deferred bond expense - net	-	-	-	39,197
Total assets	\$ 1,517	\$ 50,444	\$ 68,208	\$ 89,039
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 13,613	\$ 69,145
Due to other funds	1,517	-	-	-
Total liabilities	1,517	-	13,613	69,145
Fund balances:				
Reserved for drug abuse programs	-	50,444	-	-
Reserved for public improvements	-	-	54,595	-
Reserved for debt service	-	-	-	-
Reserved for building authority	-	-	-	19,894
Total fund balances	-	50,444	54,595	19,894
Total liabilities and fund balances	\$ 1,517	\$ 50,444	\$ 68,208	\$ 89,039

Debt Service

Building Authority Series 2002	Totals	
	2004	2003
\$ 4,624	\$ 122,674	\$ 589,941
-	-	207,477
-	50,444	50,782
-	1,517	12,148
-	39,197	-
<hr/>		
\$ 4,624	\$ 213,832	\$ 860,348
<hr/>		
\$ 138	\$ 82,896	\$ -
-	1,517	406,399
<hr/>		
138	84,413	406,399
<hr/>		
-	50,444	50,782
-	54,595	398,405
4,486	4,486	4,762
	19,894	-
<hr/>		
4,486	129,419	453,949
<hr/>		
\$ 4,624	\$ 213,832	\$ 860,348
<hr/>		

Charter Township of Flint
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Special Revenue			
	Community Development	Drug Abuse Resistance Education	Public Improvement	Building Authority
Revenues:				
Federal grants	\$ 181,997	\$ -	\$ -	\$ -
Interest	-	-	2,550	200
Other revenue	-	10,493	-	-
Total revenues	181,997	10,493	2,550	200
Expenditures:				
Current:				
General government	-	6,225	-	3,693
Public safety	163,509	-	-	-
Recreation and cultural	18,488	-	-	-
Amortization expense	-	-	-	1,421
Capital outlay	-	4,606	314,917	17,941
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	181,997	10,831	314,917	23,055
Excess (deficiency) of revenues over expenditures	-	(338)	(312,367)	(22,855)
Other financing sources (uses):				
Transfers in	-	-	11,306	42,749
Transfers out	-	-	(42,749)	-
Total other financing uses	-	-	(31,443)	42,749
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(338)	(343,810)	19,894
Fund balances - beginning of year	-	50,782	398,405	-
Fund balances - end of year	\$ - 0 -	\$ 50,444	\$ 54,595	\$ 19,894

Debt Service

Building Authority Series 2002	Totals	
	2004	2003
\$ -	\$ 181,997	\$ 203,250
-	2,750	7,035
111,550	122,043	134,826
111,550	306,790	345,111
-	9,918	16,514
-	163,509	187,763
-	18,488	15,487
-	1,421	-
-	337,464	1,535
30,000	30,000	30,000
81,826	81,826	83,025
111,826	642,626	334,324
(276)	(335,836)	10,787
-	54,055	50,000
-	(42,749)	(394,251)
-	11,306	(344,251)
(276)	(324,530)	(333,464)
4,762	453,949	787,413
\$ 4,486	\$ 129,419	\$ 453,949

**Charter Township of Flint
Special Revenue Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended December 31, 2004**

	Drug Abuse Resistance Education			
	Budgeted		Actual	Variance- Favorable (Unfavorable)
	Original	Amended		
Revenues:				
Interest	\$ -	\$ -	\$ -	\$ -
Other revenue	13,000	13,000	10,493	(2,507)
Total revenues	13,000	13,000	10,493	(2,507)
Expenditures:				
Current:				
General government	17,434	17,434	6,225	11,209
Amortization expense	-	-	-	-
Capital outlay	3,200	3,200	4,606	(1,406)
Total expenditures	20,634	20,634	10,831	9,803
Excess (deficiency) of revenues over expenditures	(7,634)	(7,634)	(338)	7,296
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Transfer from component unit	-	-	-	-
Total other sources (uses)	-	-	-	-
Excess (deficiency) of revenue and other sources over expenditures	(7,634)	(7,634)	(338)	7,296
Fund balance - beginning of year	50,782	50,782	50,782	-
Fund balance - end of year	\$43,148	\$ 43,148	\$ 50,444	\$ 7,296

Public Improvement			
Budgeted		Actual	Variance- Favorable (Unfavorable)
Original	Amended		
\$ 1,000	\$ 1,000	\$ 2,551	\$ 1,551
-	-	-	-
1,000	1,000	2,551	1,551
100	100	-	100
-	-	-	-
300,677	407,983	314,917	93,066
300,777	408,083	314,917	93,166
(299,777)	(407,083)	(312,366)	94,717
-	11,036	11,306	270
-	(30,000)	(42,749)	(12,749)
-	-	-	-
-	(18,964)	(31,443)	(12,479)
(299,777)	(426,047)	(343,809)	82,238
398,405	398,405	398,405	-
\$ 98,628	\$ (27,642)	\$ 54,596	\$ 82,238

Totals		
Final Budget	Actual	Variance- Favorable (Unfavorable)
\$ 1,000	\$ 2,551	\$ 1,551
13,000	10,493	(2,507)
14,000	13,044	(956)
17,534	6,225	11,309
-	-	-
411,183	319,523	91,660
428,717	325,748	102,969
(414,717)	(312,704)	102,013
11,036	11,306	270
(30,000)	(42,749)	(12,749)
-	-	-
(18,964)	(31,443)	(12,479)
(433,681)	(344,147)	89,534
449,187	449,187	-
\$ 15,506	\$ 105,040	\$ 89,534

**Charter Township of Flint
Combining Balance Sheet
Agency Funds
December 31, 2004**

Agency Funds			
	General Agency	Tax Collection	Total
Assets			
Cash and cash equivalents	\$ 258,848	\$ 511,053	\$ 769,901
Receivables:			
Current taxes	-	-	-
Delinquent taxes receivable	205,172	-	205,172
Due from other funds	-	1,028	1,028
Total assets	<u>\$ 464,020</u>	<u>\$ 512,081</u>	<u>\$ 976,101</u>
Liabilities			
Accrued liabilities	\$ 199,654	\$ -	\$ 199,654
Due to other funds	26,515	-	26,515
Due to other governments	203,607	4,036	207,643
Undistributed taxes	34,244	508,045	542,289
Total liabilities	<u>\$ 464,020</u>	<u>\$ 512,081</u>	<u>\$ 976,101</u>

Charter Township of Flint
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2004

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
<u>General Agency</u>				
Assets				
Cash and cash equivalents	\$ 208,926	\$ 7,332,306	\$ 7,282,384	\$ 258,848
Delinquent taxes receivable	225,386	234,712	254,926	205,172
Total assets	<u>\$ 434,312</u>	<u>\$ 7,567,018</u>	<u>\$ 7,537,310</u>	<u>\$ 464,020</u>
Liabilities				
Accrued liabilities	\$ 187,880	\$ 6,790,489	\$ 6,778,715	\$ 199,654
Due to other funds	141	50,929	24,555	26,515
Due to other governments	212,033	227,633	236,059	203,607
Undistributed taxes	34,258	35,160	35,174	34,244
Total liabilities	<u>\$ 434,312</u>	<u>\$ 7,104,211</u>	<u>\$ 7,074,503</u>	<u>\$ 464,020</u>
<u>Tax Collection</u>				
Assets				
Cash and cash equivalents	\$ 457,628	\$ 39,996,772	\$ 39,943,347	\$ 511,053
Due from other funds	-	1,028	-	1,028
Total assets	<u>\$ 457,628</u>	<u>\$ 39,997,800</u>	<u>\$ 39,943,347</u>	<u>\$ 512,081</u>
Liabilities				
Due to other governments	\$ -	\$ 39,930,256	\$ 39,926,220	\$ 4,036
Undistributed taxes	457,628	102,883,625	102,833,208	508,045
Total liabilities	<u>\$ 457,628</u>	<u>\$ 142,813,881</u>	<u>\$ 142,759,428</u>	<u>\$ 512,081</u>
<u>Total All Agency Funds</u>				
Assets				
Cash and cash equivalents	\$ 666,554	\$ 47,329,078	\$ 47,225,731	\$ 769,901
Delinquent taxes receivable	225,386	234,712	254,926	205,172
Due from other funds	-	1,028	-	1,028
Total assets	<u>\$ 891,940</u>	<u>\$ 47,564,818</u>	<u>\$ 47,480,657</u>	<u>\$ 976,101</u>
Liabilities				
Accrued liabilities	\$ 187,880	\$ 6,790,489	\$ 6,778,715	\$ 199,654
Due to other funds	141	50,929	24,555	26,515
Due to other governments	212,033	40,157,889	40,162,279	207,643
Undistributed taxes	491,886	102,918,785	102,868,382	542,289
Total liabilities	<u>\$ 891,940</u>	<u>\$ 149,918,092</u>	<u>\$ 149,833,931</u>	<u>\$ 976,101</u>

April 28, 2005

To the Honorable Members of the Board of
The Charter Township of Flint

We have audited the general purpose financial statements of the Charter Township of Flint (Township) for the year ended December 31, 2004, and have issued our report thereon dated April 28, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township are described in Note 1 to the general purpose financial statements. We noted no transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the lives of capital assets used in the Government-Wide financial statements. We evaluated the lives used and feel that they are reasonable in relation to the Government-Wide financial statements taken as a whole.
- Management's estimates of the actuarial assumptions used to compute the actuarial accrued liabilities for the Township's defined benefit pension plans administered by Municipal Employees Retirement System and Bank One Fire Fighters Pension Trust Plan. Independent actuaries of the pension trusts prepare these estimates. We evaluated the specific assumptions used and feel that they are reasonable in relation to the overall financial statement presentation.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. We proposed significant audit adjustments affecting, receivables, depreciation expense, and accounts payable.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on a certain situation. If a consultation involves application of an accounting principal to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management (primarily the Township's Controller) each year prior to retention as the Township auditors. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Status of Prior Year Comments

Credit Card Policy

As noted in the prior year, the Township uses credit cards and has not officially adopted a usage policy as required by P.A. 266. It is our understanding that the Board intends to formally adopt a policy at the July Board meeting.

Fixed Assets

Given the relocation of the police department and age of individual items on the Township's fixed asset listing, we recommended that the Township perform a physical inventory to verify the existence of the assets noted on the fixed asset listing. We understand that a physical inventory was not taken but as assets are added it is determined what asset is being replaced and at that time the asset no longer in service is deleted.

We recommended that the Township's board formally adopt a capitalization policy for fixed assets. The policy for capitalizing assets with a value of \$500 was adopted by the Board during 2004.

Personnel Handbook

We recommended the Townships' policy on the use of equipment included in the personnel handbook be expanded to clarify the use of cell phones and the internet. We understand that the policy is under review.

Current Year Comments

Sewer and Water Reports

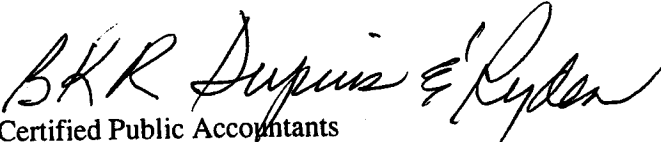
There needs to be a listing of the reports maintained by the sewer and water department and the information that each report contains. This information would assist employees in understanding the reports maintained by the department for their use during the course of the year. During the audit we asked for several items from the sewer and water department and the staff in the department were not aware of where to find the information we were asking for. The information we asked for were such reports as the county's aged trial balance report and the county's tap in report.

Police Department Grants

The police department should be forwarding copies of any grant awards as well as all grant quarterly and monthly financial status reports to the accounting department. It was noted during the audit that some of the police grants were spent or had a portion spent of the amount awarded spent, however the accounting department had no information concerning the grant so did not know how to recognize the revenue. For proper grant recognition the accounting department must have a copy of all grant information received or generated by a department.

The Honorable Members of the Board of
the Charter Township of Flint
April 28, 2005
Page 4

We appreciate the opportunity to present this letter for your analysis and review. This letter is intended solely for internal management and the Board and should not be used for any other purpose. We would also like to express our appreciation for the cooperation extended to our staff by the Township's personnel during the course of the audit. If you have any questions regarding the contents of this letter, please contact us.


Certified Public Accountants
Flint Office